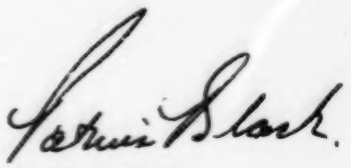
Economic Development

Business Plan 1998-99 to 2000-01

Accountability Statement

This Business Plan for the three years commencing April 1, 1998 was prepared under my direction in accordance with the Government Accountability Act and the government's accounting policies. All of the government's policy decisions as at January 20, 1998 with material economic or fiscal implications of which I am aware have been considered in preparing the Business Plan.

The Ministry's priorities outlined in the Business Plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this Business Plan.



Patricia L. Black
Minister of Economic Development
January 28, 1998

Introduction

Alberta Economic Development focuses on the government's *Prosperity* core business of strengthening economic growth, supporting job creation by the private sector, and helping Albertans build a future for themselves and their children.

Through the Alberta Advantage, Alberta has shown the world how it is a competitive place to invest and do business. Alberta's competitive business environment, world class infrastructure and skilled workforce have attracted new industry and allowed business to flourish. However, challenges remain as other jurisdictions strive to lower their business costs, attract investment and keep their industries competitive with new technologies.

The Alberta Advantage includes:

- competitive taxation and regulatory environment;
- an abundance of natural resources;
- a skilled, highly educated, workforce;
- debt reduction legislation;
- first class infrastructure;
- an economic climate conducive to investment wealth generation and job creation; and
- an entrepreneurial and competitive business community.

Currently, more than $34 billion in major capital projects are under construction or in the planning stages. This investment will place demands on the province's infrastructure, education, health, housing and social services. The province will face increasing demands from communities to manage the impacts of this growth.

These opportunities and challenges of growth in Alberta will be managed through expanded partnerships with business leaders through organizations like Alberta Economic Development Authority, community groups, municipalities and other government departments. Co-operation with the federal and municipal governments will be strengthened where it will result in more effective, streamlined services. The number of stakeholders in economic development has expanded significantly. This creates challenges for co-ordinating the ideas and activities of stakeholders to achieve meaningful results.

The Ministry includes the Department of Economic Development, the Alberta Opportunity Company, the Alberta Gaming and Liquor Commission, and the Alberta Lottery Fund.

Department of Economic Development

Mission

By creating a unique framework in which alliances can flourish with the private sector, the Alberta Economic Development Authority and government departments involved in the Council of Economic Development Ministers, our mission is:

To enhance and promote the Alberta Advantage, building a strong and prosperous economy for all Albertans.

Vision

The Minister and staff of the Department of Economic Development are committed to serving the citizens of Alberta and working hard to secure economic prosperity in our province. The Department's activities are guided by the vision put forward in Alberta's economic strategy, *Building on the Alberta Advantage,* to create a province where "Alberta is recognized world-wide as a place where people enjoy success, economic independence and an unmatched quality of life. . . the region of choice to live, learn, work, play, visit, do business and raise a family."

The Department envisages a province where there is significant and sustainable growth in quality business practices and competitiveness in foreign markets, supported by cooperative and integrated government policies and services.

Mandate

The Department has a responsibility for ensuring coordinated and responsible management of economic growth in Alberta, providing leadership in interdepartmental economic planning, providing quality information and intelligence, and supporting business in their pursuit of excellence and expanded trade, production and services.

Core Businesses

The Department will achieve its mandate through the following three core businesses:

- ***Strategic Information and External Relations.*** In partnership with other government departments and the Alberta Economic Development Authority (AEDA):
  - Promote the Alberta Advantage and endeavour to ensure that the Alberta Advantage remains competitive
  - Support the work of the Council of Economic Development Ministers (CEDM)
  - Provide secretariat services to AEDA and support the activities of interdepartmental, cross-functional teams
  - Provide strategic market and economic intelligence and business information to Alberta businesses and other government departments
  - Promote information sharing and cooperative working relationships to support policy development

- ***Industry Development and Investment Attraction.*** In partnership with AEDA, other government departments and industry:
  - Identify and pursue strategies to assist Alberta business to grow and expand
  - Develop and implement strategies to encourage national and international companies to locate or expand in Alberta
  - Strengthen the ability of target sectors to compete in a global marketplace
  - Facilitate improved access to capital
  - Facilitate improved access to cost-effective modes of transportation

- ***Trade and International Market Development.*** In partnership with AEDA, other government departments, local development authorities and industry:
  - Identify and pursue strategies to increase Alberta exports
  - Support activities to enhance Alberta's national and international reputation as a reliable source of high-quality, competitive goods and services
  - Direct Alberta government's trade offices abroad
  - Develop and pursue strategies to support economic prosperity and the sound management of economic growth throughout the province

Goals, Strategies and Internal Performance Measures

Working with partners in the private sector and government, the Department will strive to achieve the following goals:

GOAL: The Alberta Advantage - Be an advocate for the Alberta Advantage, monitor and assess the elements of Alberta's business climate, recommend adjustments to keep Alberta competitive, and promote the Alberta Advantage

Strategies:

- Work with AEDA, Treasury and other stakeholders to ensure the competitiveness of Alberta's tax and regulatory climate
- Work with AEDA, Alberta Science and Research Authority, Alberta Transportation, Alberta Municipal Affairs and Alberta Agriculture, Food and Rural Development (AAFRD) on infrastructure issues directly impacting economic growth
- Identify impediments to Alberta manufacturers in accessing cost effective transportation modes
- Work with Alberta Energy, Alberta Environment and AAFRD to support sustainable and responsible resource management
- Work with AEDA, Advanced Education and Career Development and other stakeholders on work force training to ensure Alberta maintains its skilled productive work force
- Work with Intergovernmental and Aboriginal Affairs and other stakeholders on trade policies to remove barriers to trade and improve market access
- Achieve awareness and support for the Alberta Advantage through worldwide promotion

Internal Performance Measures:

- Annual report card on the relative competitiveness of the Alberta Advantage. Target is to be top amongst our competitors.

GOAL: An Economic Planning Framework - Ensure that the government's economic planning framework operates effectively and achieves identified priorities and desired results. Encourage forward thinking about the long-term future of the Alberta economy and the elements needed to maintain competitiveness and quality of life into the next century

Strategies:

- Support the Council of Economic Development Ministers (CEDM) by monitoring its progress and assisting in implementing its directives
- Provide secretariat support to AEDA and its task groups
- Develop a process to establish sector and market priorities reflecting AEDA and CEDM decisions
- Encourage forward thinking about the long-term future of the Alberta economy and the elements needed to maintain competitiveness and quality of life
- Support intergovernmental economic planning, development and coordination initiatives
- Support intergovernmental international trade planning and development initiatives

Internal Performance Measures:

- Client satisfaction (AEDA, CEDM) with quality and timeliness of information and analysis. Target is 100% client satisfaction

GOAL: Informed Decision-making - Ensure that decisions affecting economic development are supported by timely, relevant, accurate information and advice that is made available across government and to AEDA and the Department's private sector, association, community and non-profit clients

Strategies:

- Undertake economic and business research and collect data to support analysis of economic and business issues
- Identify and track issues, complete analysis and prepare reports on policy alternatives
- Consult with and provide advice to Alberta businesses and other stakeholders
- Disseminate information across government, to industry, to individual clients and to investors using electronic and print media
- Build collaborative networks between economic stakeholders in Alberta

Internal Performance Measures:

- Client satisfaction (business, other provincial government departments, federal and municipal governments) with timeliness, accuracy and relevance of economic development information and services. Target is 85% client satisfaction.
- Utilization of department's research information systems, products and services. Target is to increase utilization.

GOAL: Business and Market Development - Support the continued growth and competitiveness of Alberta businesses and ensure that economic growth is managed responsibly and in a manner that benefits all Albertans

Strategies:

- Attract investment by increasing awareness of the business opportunities and the attractiveness of Alberta as a place to do business
- Identify best business practices and processes for target sectors and aggressively communicate and promote them to Alberta industry
- Promote and facilitate technological innovation, application and commercialization of new technologies to enhance competitiveness of Alberta businesses
- Assist local economic development authorities in their efforts to promote growth
- Identify international trade opportunities for export ready Alberta businesses
- Promote capabilities, products and services of export ready Alberta businesses in international markets
- Utilize Alberta-based activities and events to promote Alberta's international trade capabilities and assist export ready Alberta businesses

Internal Performance Measures:

- Percentage of Alberta content in key industrial projects.
- Post appraisal of trade shows and missions relative to pre-established objectives (number of participants, number of contacts made, value of sales/contracts).
- Survey of local economic development authorities on value and relevancy of service. Target is 85% satisfaction.

GOAL: Organizational Effectiveness - Ensure that the Department is administered effectively and in a way that provides a positive work environment for all employees, with a strong commitment to professional development

Strategies:

- Implement a human resources plan with a view to raising competencies of all employees to be equal to the best in Canada
- Review and revise the Department's approach to program evaluation and performance measurement to better facilitate continuous improvement and business planning
- Maintain and enhance financial systems to support increased accountability

Internal Performance Measures

- Comparison of employee's competency gaps (competencies individuals do not possess that are required for their jobs) before and after implementation of training plan. Target is to achieve no gaps in an employee's competencies.

Alberta External Economic Growth Indicators

The department works in partnership with many government and private sector stakeholders to support the economic growth of Alberta. Following are a number of macro-economic indicators that demonstrate the performance of the Alberta economy, with targets to 2001:

Job Growth - (thousands) - The increase in annual average adjusted employment

Business Plan	1996	Estimate 1997	Target 1998	Target 1999	Target 2000	Target 2001
Increase	39.5	44	39	41	40	35
% Change	2.9	3.1	2.6	2.7	2.5	2.2

Manufacturing and Service Industry Investment - ($billions) - Annual value of investment. The indicator provides information on the annual capital investment by manufacturing and service industries.

Business Plan	1996	Estimate 1997	Target 1998	Target 1999	Target 2000	Target 2001
Investment	6.3	8.4	9.0	9.5	9.3	9.5
% Change	3.9	33.3	7.1	5.6	-2.1	2.2

Total public and private investment for all sectors was estimated at $24.3 billion for 1997.

Manufacturing and Service Exports - ($ billions) - Sales of value-added products by Alberta companies outside of Canada.

Business Plan	1996	Estimate 1997	Target 1998	Target 1999	Target 2000	Target 2001
Exports	13.0	13.7	14.3	15.2	16.1	16.9
% Change	16.1	5.4	4.4	6.3	5.9	5.0

Total exports for all sectors was forecast at $36.1 billion for 1997, including goods and services.

Manufacturing Shipments - ($ billions) - Annual value of all manufacturing shipments in Alberta

Business Plan	1996	Estimate 1997	Target 1998	Target 1999	Target 2000	Target 2001
Shipments	30.8	34.2	35.9	37.7	39.6	41.4
% Change	6.5	11.0	5.0	5.0	5.0	4.5

Alberta Opportunity Company

Mission

The mission of Alberta Opportunity Company is to advance the economic development of Alberta by providing loans to Alberta businesses that have viable business proposals, when such support is not available from conventional lenders. Priority is given to smaller businesses in rural communities, and to those which create or preserve jobs. Priority is also given to businesses with export or tourism potential, or which introduce improvements in technology, or engage in manufacturing. AOC does not provide financing to businesses engaged in primary agriculture, residential housing, or oil and gas exploration.

Applicants are required to show, in business terms, a reasonable expectation of commercial success and the ability to repay all loans including interest.

Goals

- Facilitate the creation of new businesses and expansion of existing businesses by ensuring growth is not stifled by a lack of commercial financing from private-sector lenders
- Encourage job creation and secure existing jobs by providing financing to viable small businesses unable to obtain business financing in the private sector
- Ensure the existing loan portfolio continues to be managed to maximize repayment of funds advanced and economic benefit to the small business community

Strategies

- Identifying and serving those entrepreneurs who have viable business ideas, but are unable to find the financing they need with conventional commercial financial institutions. This strategy is achieved in collaboration with private sector institutions and without competing for business
- Maintaining prudent lending practices that balance the opportunity and risk associated with the most promising entrepreneurial ventures
- Maintaining accountability to stakeholders through timely measurement and reporting of performance to ensure achievement of goals
- Providing services in an efficient, effective and economic manner

Performance Measures

- Approve loans of $35 million in 1998-99, $37 million in 1999-2000 and $39 million in 2000-01 thereby increasing the loan portfolio by 28 percent by the year 2001 at no extra cost to government.
- Reduction of operating grant in 1998-99 by a further 19 percent to $5.4 million per year.
- In 1998-99 make loans to approximately 350 small businesses which will facilitate the creation or preservation of an additional 2,400 jobs in Alberta.
- Provide export financial assistance of $3.5 million to support the development of new exporters and the growth of existing exports out of the province.

Alberta Gaming and Liquor Commission

Mission

To maintain the integrity of gaming and liquor activities in Alberta and collect revenues for the Province.

Mandate

The Alberta Gaming and Liquor Commission's mandate, in accordance with the Gaming and Liquor Act, the Criminal Code (Canada) and within the policy framework established by government, includes the following:

- License, regulate and monitor gaming and liquor activities in Alberta
- Ensure integrity and social responsibility in the operation of gaming and liquor activities
- Collect gaming and liquor revenue
- Ensure business and program operations are run efficiently and effectively
- Define operating policies and procedures for gaming and liquor activities
- Disperse provincial lottery revenues
- Support industry and government initiatives to address problem gambling and responsible alcohol consumption
- Communicate to gaming and liquor stakeholders accurate and timely information

Goals and Strategies

- Ensure compliance with the Gaming and Liquor Act, Tobacco Tax Act, Criminal Code and Commission policies with respect to gaming and liquor activities
- Ensure full accountability for all revenues and expenses
- Meet operating expense targets
- Improve the return to the charities for charitable gaming activities
- Manage and administer the Lottery Fund
- Facilitate development of native gaming in keeping with the Government's Native Gaming policy

Performance Measures

Administrative Productivity

Productivity is defined as meeting operating expenditure targets.

1996-97 Budget $ (thousands)	1996-97 Actual $ (thousands)	1997-98 Target $ (thousands)	1998-99 Target $ (thousands)	1999-2000 Target $ (thousands)	2000-2001 Target $ (thousands)
75,633	66,503	71,733	70,233	70,233	70,233

Return to Charities

Return is defined as the total revenue earned by charities before expenses from casinos, bingos, raffles and pull tickets as a percentage of gross revenue generated by the charitable gaming venues.

	1996-97 Target %	1997-98 Target %	1998-99 Target %	1999-2000 Target %	2000-2001 Target %
Casino-Urban	42	50	50	50	50
Casino- Rural	22	25	25	25	25
Bingo	50	50	50	50	50
Raffle*	65	65	65	65	65
Pull Ticket	82	82	82	82	82

* Raffles exceeding $10,000.

Economic Development
Ministry Consolidated Income Statement

(thousands of dollars)

	Comparable 1996-97 Actual	Comparable 1997-98 Budget	Comparable 1997-98 Forecast	1998-99 Estimates	1999-2000 Target	2000-01 Target
REVENUE						
Internal Government Transfers	14,277	6,673	6,673	5,407	5,447	5,482
Transfers from Government of Canada	24	-	-	-	-	-
Investment Income	12,558	9,328	10,112	9,952	10,374	10,948
Net Income from Commercial Operations	879,025	860,114	860,114	852,114	852,114	852,114
Other Revenue	1,083,269	1,249,958	1,250,541	1,141,938	1,141,965	1,141,968
Consolidation Adjustments	(975,902)	(1,099,606)	(1,099,606)	(981,840)	(981,880)	(981,915)
Consolidated Revenue	1,013,161	1,026,467	1,027,834	1,027,571	1,028,020	1,028,595
EXPENSE						
Program						
Ministry Support Services	4,814	3,773	3,419	4,314	4,539	4,557
International Markets and Regional Development	11,068	10,492	9,760	12,617	13,375	13,444
Industry Development	11,916	7,704	6,869	7,714	8,370	8,438
Strategic Resources	7,412	5,407	5,250	6,452	7,093	7,143
Financial Assistance to:						
Alberta Opportunity Company	7,427	6,673	6,673	5,407	5,447	5,482
Racing, Gaming and Liquor Commissions	81,705	71,733	71,733	70,233	70,233	70,233
Alberta Motion Picture Development Corporation	50	-	-	-	-	-
Western Economic Partnership Agreements	86	-	-	-	-	-
Business Finance	966	-	-	-	-	-
Technology Partnership Agreements	8,020	4,425	4,025	-	-	-
Tourism Programs	8,800	8,812	8,790	7,800	7,800	7,800
Department - Statutory (Valuation Adjustments)	(158)	-	-	-	-	-
Sub-total	142,106	119,019	116,519	114,537	116,857	117,097
Lottery Fund	106,695	123,300	123,300	173,300	173,300	173,300
Alberta Motion Picture Development Corporation	1,105	-	65	-	-	-
Alberta Opportunity Company	6,089	10,302	9,729	9,414	9,781	10,058
Alberta Racing Commission	6,312	-	-	-	-	-
Consolidation Adjustments	(80,780)	(78,406)	(78,406)	(75,640)	(75,680)	(75,715)
Consolidated Program Expense	181,527	174,215	171,207	221,611	224,238	224,740
Debt Servicing Costs						
Alberta Opportunity Company	4,300	4,084	4,000	4,433	4,575	4,888
Consolidated Expense	185,827	178,299	175,207	226,044	228,813	229,628
Gain (Loss) on Disposal of Capital Assets	2	-	(2)	-	-	-
NET OPERATING RESULT	827,336	848,168	852,625	801,527	799,207	798,967